

Message Text

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ACTION EUR-12

INFO OCT-01 IO-11 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

OFA-01 EB-07 SAJ-01 COME-00 INT-05 OES-03 CEQ-01

EPA-01 PM-04 L-03 NSC-05 CIAE-00 INR-07 NSAE-00 PA-01

PRS-01 SP-02 EURE-00 TRSE-00 DLOS-04 SAL-01 /071 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 8726

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LISBON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY REYKJAVIK IMMEDIATE

USMISSION NATO BRUSSELS IMMEDIATE

AMEMBASSY DUBLIN

USMISSION USUN NEW YORK

SECDEF IMMEDIATE

CINCLANT IMMEDIATE

CINCUSNAVEUR

USCINCEUR

USNMR SHAPE

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 01805

E.O. 11652: XGDS-1

TAGS: EFIS, NATO, MARR, IC, UK

SUBJECT: CALLAGHAN ON ICELAND

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REF: LONDON 1731 (NOTAL)

1. SUMMARY. FONSEC CALLAGHAN CONVOKED LONDON NATO MISSION CHIEFS (INCLUDING ICELAND'S), PLUS SWEDISH AND IRISH AMBASSADORS AT FOREIGN OFFICE TO OUTLINE HOW BRITISH SEE CURRENT STATUS OF DISPUTE. HE REVIEWED PARLIAMENTARY STATEMENT HE HAD JUST MADE, RECAPITULATED HISTORY OF NEGOTIATIONS AND OUTLINED NEXT STEPS BRITISH WOULD TAKE. HE STRESSED HE COULD ONLY "WONDER" WHETHER PATH OF NEGOTIATIONS HELD OUT ANY POSSIBILITY OF RESOLUTION IN VIEW OF INTERNAL ICELANDIC POLITICAL SITUATION. HE SAID HE WOULD WELCOME COMMENTS FROM ALLIES BUT PRINCIPALLY WAS "ASKING" FOR SUPPORT. END SUMMARY.

2. FONSEC CALLAGHAN SUMMONED NATO CHIEFS OF MISSION, AUGMENTED, FOR REASONS HE DID NOT EXPLAIN, BY SWEDES AND IRISH, AT 4:15 P.M. HE SAID HE RECOGNIZED NATO INTEREST IN DISPUTE, IN VIEW OF POSSIBILITY THAT ICELAND MIGHT LEAVE NATO. HE REPORTED THAT GOI HAD SAID YESTERDAY THAT IT WAS NOT ABLE TO ACCEPT BRITISH PROPOSALS ON FISHING LIMITS, BUT WAS READY TO TALK ABOUT A SHORT TERM AGREEMENT. CALLAGHAN SAID THAT DESPITE BRITISH DISAPPOINTMENT THEY WERE PREPARED TO EXPLORE POSSIBILITY OF SUCH AN AGREEMENT WITHOUT PREJUDICE TO A LONGER ONE. BRITISH OFFICIALS ARE NOW STANDING BY READY TO GO TO REYKJAVIK IF INVITED.

3. AS BACKGROUND, CALLAGHAN NOTED THAT NUMBER OF BRITISH TRAWLERS AND SIZE OF CATCH HAD BEEN DECREASING STEADILY (LAST YEAR'S CATCH WAS 115 THOUSAND TONS VERSUS THE 130 THOUSAND PERMITTED). BRITISH REALIZED THAT THIS DECLINE WOULD CONTINUE AND, ACCORDINGLY, WERE READY TO CONTEMPLATE AN AGREEMENT (LASTING UNTIL DECEMBER 1977) THAT PROVIDED FOR FURTHER REDUCTIONS IN SIZE OF COD CATCH. UNFORTUNATELY, SCIENTISTS OF THE TWO COUNTRIES HAD NOT BEEN ABLE TO AGREE ON TOTAL ALLOWABLE CATCH (TAC) ICELANDERS PROPOSED A 230 THOUSAND TON TAC. BRITISH SCIENTISTS FELT THAT OPTIMUM WAS 300 THOUSAND TONS. DIFFERENCES, HE THOUGHT, RELATED TO RECOVERY RATE, BUT BRITISH HAD ASSURED ICELANDERS THAT THEY DID NOT WANT TO

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DO ANYTHING THAT WOULD HARM FISHING ENVIRONMENT. BRITISH GOVERNMENT HAD IMPRESSION DURING TALKS ICELAND WAS NOT ATTACHED TO 210 THOUSAND TON FIGURE AND WOULD SETTLE SOMEWHERE "IN THE MIDDLE." BRITISH THEN PROPOSED THAT IF TECHNICALLY BASED AGREEMENT ON TAC WAS NOT POSSIBLE BRITISH CAN ACCEPT UNILATERAL ICELANDIC DECISION ON TAC "SINCE THEY ARE GOING TO BE ICELAND'S FISH." BRITISH WOULD BE PREPARED TO TAKE 28 PER CENT OF WHAT-

EVER AMOUNT ICELAND SELECTED UNILATERALLY, EVEN 230 THOUSAND. ICELANDERS SAID THEY WOULD HAVE TO RETURN TO REYKJAVIK AND "THINK ABOUT IT." NEGATIVE ICELANDIC RESPONSE HAD NOW BEEN RECEIVED.

4. CALLAGHAN RECAPITULATED CONCESSIONS BRITISH HAD MADE SINCE LAST NOVEMBER: (A) THEY HAD OFFERED SUBSTANTIAL REPEAT SUBSTANTIAL CATCH REDUCTIONS. TWENTY-EIGHT PER CENT OF 230 THOUSAND POUNDS WAS LESS THAN THE 115 THOUSAND BRITISH FISHERMEN HAD CAUGHT LAST YEAR. (B) ON TWO OCCASIONS BRITISH HAD PROPOSED MEDIATION ONLY TO BE TOLD BY ICELANDERS THAT "THIS WAS NOT THE WAY; PROBLEM MUST BE RESOLVED THROUGH FACE-TO-FACE NEGOTIATIONS." MEDIATION OFFER HAD BEEN REPEATED TODAY. (C) HMG HAD WITHDRAWN ROYAL NAVY AND, DESPITE PROVOCATIONS OF FURTHER CUTTINGS, DID NOT SEND IT BACK. BRITISH HAD

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 01805

SHOWN "INCREDIBLE RESTRAINT" IN FACE OF CONSTANT "CAT
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AND MOUSE" "HARASSMENT THROUGHOUT WHOLE PERIOD. (D)
THEY HAD OFFERED TO PERMIT ICELAND TO FIX TAC UNI-
LATERALLY. (E) DURING LAST HOURS OF TALKS HE HAD, IN
RECOGNITION OF HALLGRIMSSON'S INTERNAL POLITICAL
DIFFICULTIES, OFFERED ECONOMIC COOPERATION AND SOFT-TERM
LOANS ON SOME PROJECT OF ICELAND'S CHOICE IN ORDER TO
EASE GOI'S DOMESTIC PROBLEMS. NO RESPONSE HAD BEEN
RECEIVED.

5. IN LIGHT OF HISTORY OF DISCUSSIONS CALLAGHAN HAD TO
"WONDER IF ICELANDERS WERE IN FACT CAPABLE OF REACHING
AN AGREEMENT." THERE WERE ELEMENTS WHO DID WISH A
NEGOTIATED SOLUTION AND WOULD NOT LET IT HAPPEN; HE FELT
"EXTREMISTS" WERE CARRYING THE DAY. WHILE HMG WAS
WILLING TO TALK ABOUT A SHORT-TERM ARRANGEMENT, HE HAD
TO ASK WHETHER THERE WAS ANY REASON TO BELIEVE THAT GOI
WOULD HAVE ANY MORE SUCCESS HERE. THROUGHOUT, THERE HAD
BEEN NO NEGOTIATION IN ANY REAL SENSE OF THE WORD. EVEN
WHEN BRITISH HAD OFFERED TO REDUCE TO 30 THE NUMBER OF
TRAWLERS FOR 2-DAY PERIOD THAT ICELANDERS WERE IN LONDON
IF GOI WOULD SUSPEND HARASSMENT, HALLGRIMSSON HAD
COUNTER-PROPOSED A FIVE-DAY REDUCTION BUT EVEN THEN
WOULD ONLY SAY THAT HE WOULD HAVE TO TAKE IT BACK TO
REYKJAVIK FOR CONSIDERATION.

6. HMG WAS LEFT WITH QUESTION OF WHAT TO DO NOW. HE
REPORTED THAT MINISTRY OF AGRICULTURE WAS NOW ADVISING
FLEET TO RESUME NORMAL FISHING IN INTERNATIONAL WATERS
FROM MIDNIGHT TONIGHT. HE STRESSED THAT BRITISH COULD
NOT ACCEPT THAT ICELAND COULD BY UNILATERAL DECISION

CHANGE INTERNATIONAL CHARACTER OF THESE WATERS. IF TRAWLERS WERE INTERFERED WITH, THEY WILL BE PROTECTED. "IT'S UP TO ICELAND TO DECIDE." HE HAD ASKED MINISTRY OF AGRICULTURE TO GET INDUSTRY IN URGENTLY TO DISCUSS VOLUNTARY, SELF-IMPOSED LIMITATIONS TO INSURE BRITISH CATCH WILL NOT ENDANGER COD STOCKS. RESULTS THESE DISCUSSIONS SHOULD BE KNOWN WITHIN 48 HOURS. HE WAS PREPARED FOR INFORMAL DISCUSSION OF "OUR RESTRAINTS" WITH ICELANDERS IF THEY DESIRED.

7. CALLAGHAN CONCLUDED BY STATING THAT HE THOUGHT THE
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RECORD WOULD SHOW HMG'S CONTINUED DESIRE FOR GOOD RELATIONS WITH ICELAND. HE KNEW THERE WERE MANY IN ICELAND WHO RECIPROCATED BRITISH DESIRES. HMG WAS PREPARED FOR ANYTHING: AGREEMENT, MEDIATION, REGIME OF SELF-RESTRAINT. HOWEVER, EXTREMISTS IN ICELAND COULD GO ON MAKING DEMANDS FOREVER. BRITISH HOPE THAT SUPPORT WOULD BE FORTHCOMING FROM GOVERNMENTS REPRESENTED WHO SHOULD RECOGNIZE THAT EVEN SMALL NATIONS ARE NOT ENTITLED TO STRIKE OUT AT THE INTEREST OF LARGER ONES WITHOUT RESTRAINT. HMG WAS SORRY THAT SITUATION HAD REACHED THIS STATE BETWEEN TWO NATO ALLIES. HE WISHED HIS REPORT COULD BE MORE HOPEFUL. HE HAD TOLD HALLGRIMSSON LAST JULY THAT THIS ISSUE SHOULD BE DEALT WITH URGENTLY THROUGH NEGOTIATIONS BUT ICELANDERS CONTINUED TO POSTPONE TALKS UNTIL SITUATION HAD GOTTEN OUT OF HAND. AS CALLAGHAN ENDED MEETING, ICELANDIC AMBASSADOR ATTEMPTED TO SPEAK, BUT CALLAGHAN CUT HIM OFF NOTING THAT SOME OF HIS ADVISERS HAD QUESTIONED WHETHER HE SHOULD EVEN BE INVITED TO THIS SESSION.

8. IMMEDIATELY FOLLOWING CALLAGHAN MEETING, JOHN MOSS, DEPUTY SECRETARY FOR FISHERIES, MINISTRY OF AGRICULTURE, CALLED IN FISHERIES AND AGRICULTURAL ATTACHES FROM NATO COUNTRIES (PLUS IRELAND) TO REINFORCE CALLAGHAN REMARKS. MOSS PRESENTATION WAS SUBSTANTIALLY SAME AS CALLAGHAN'S.

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